



California Postsecondary Education Commission

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February 2006 Commission Testimony to Senate Education and Assembly Higher Education Committees on Higher Education Infrastructure Needs and the Proposed 2006 Education General Obligation Bond

Commission Perspectives on Higher Education Capital Planning

Each year, the State of California spends many hundreds of millions of dollars on public higher education facilities. In 1998, the Commission documented combined capital outlay funding needs for the Community Colleges, State University, and University of California of approximately \$1.5 billion each year through 2010. This estimate included monies needed for new facilities, to maintain the existing plant, and to perform renovation projects created due to the backlog of building maintenance and repair. This annual amount has not been provided and construction costs have escalated substantially since 1998. Given these realities, the Commission's earlier cost estimate is quite modest in today's environment. The Commission recognizes that the annual need for capital funding will far exceed the funding available in the proposed state bond.

Enrollment growth is the primary driver of these facilities need. The Department of Finance's recent enrollment projections show that total public postsecondary enrollment is expected to rise by more than 600,000 students between Fall 2005 and Fall 2014, an average growth rate of 3.4 percent for the community colleges and around 2 percent each for the State University and University of California. The Commission agrees with these projections and notes that actual enrollments could be even higher if groups of students with historically lower college-going rates prepare themselves for college in increased numbers. You have several major K-12 and higher education initiatives designed to achieve just this outcome, so these students are coming.

In meeting the challenge of capital construction in our public colleges and universities, the State must rely on a variety of "resources" – mostly financial, but also including changes in policies and practices. The Commission encourages the Legislature to press for improvements in both these areas. As the Legislature looks into capital planning, the Commission recommends that you carefully examine the systems' needs for new facilities on the demand side and in terms of innovative ways to meet this need on the supply side.

The Legislature should press the capital planning process so that it includes increased emphasis on many topics to be covered in this hearing, such as the shared use of facilities, and use of technology to facilitate instruction. Regarding technology, the Commission views up-front planning on its use – and how it is integrated into the each systems' functions – as a benefit for the segments and State policy makers. Similarly, the Commission feels that capital planning based upon assumptions of shared use of facilities improves the prospects for this sharing and assures that it will occur in a more cost-efficient way than the current "ad hoc" nature of facilities sharing arrangements.

The Commission also calls for improvements in the institutional services and processes that help improve students' time-to-degree; we advocate better maintenance of facilities, and that you explore alternative revenue sources to fund facilities projects. In addition, the Legislature should examine whether any State regulations and requirements – such as the state's space and utilization standards – hinder the systems' capital planning and then make needed changes to these regulations. The Commission strongly feels that the combination of modern space planning policies, modern building design, and more “outcomes-oriented” State oversight will increase the efficiency and sustainability of California's public colleges and universities. In doing so, the return on capital outlay investments would improve over time.

Higher education facilities planning must be as progressive and forward-thinking in the next fifty years as it has been over the last fifty. Contemporary concepts, such as environmental energy efficiency design, and other smart building technologies, should be fully integrated into the planning of the higher education facilities of the future. Such innovation is key to functionality.

However, no matter how far-sighted today's capital planning might be, it can't fully predict the future. Planning must be as flexible and as unhindered by out-of-date assumptions, rules and processes as possible. The Commission encourages you to incentivize the state's public higher education systems to develop facilities with, at a minimum, the following four traits:

1. **Efficiency and effectiveness in design** – Buildings should meet or exceed the educational objectives they were initially intended to address.
2. **Flexibility of usage** – Buildings should, to every extent possible, be planned in ways that maximize the possibilities of their use outside of a specific educational program area and even beyond a single-segment's use.
3. **Sustainability in operation** – Renovation, upgrades, and repairs must be funded by the State and undertaken by the systems in a timely, ongoing manner for building to stay functional.
4. **Longevity of existence** – Building planning, construction, and maintenance should promote and extend the useful life of the buildings.

The Commission reiterates its earlier note of caution: there is not enough bond money for us to “build our way” out of these challenges. In addition to new and remodeled facilities, changes are needed in the other areas discussed above to help maximize the use of our facilities.

If there is one thought we want to leave you with today, it's that our capital planning process should be brought into the twenty-first century. This means that the systems should know your objectives – and accept your oversight – as they seek to meet their facilities needs. But, it also means that the public higher education systems should be given the tools and the flexibility they need in order to meet those objectives. In other words, though not shirking your appropriate oversight, you should tell them what you want them to achieve and then let them do it.

With these improvements to capital planning, California can produce educational facilities that are used “early and often” and California policy makers can help meet the public higher education systems' facilities challenges in ways that benefit our students and our taxpayers.